



Jewel TEA CO., INC.

JEWEL PARK BARRINGTON, ILL.

ANNUAL REPORT FOR 1945



Veterans are returning to all walks of life from a job well done. Over 500 are now working for Jewel. Plans are set to welcome many more into our organization during the coming year.



One of the clean white
Jewel Food Stores serving
Chicagoland.

Not to be released
MESSAGE before Thursday morning
 February 14, 1946.

February 4, 1946

To Stockholders, Jewel People and the Public:

This is the 30th Annual Report of your company. It covers the 52 weeks of operations during our 1945 year ending December 29, 1945.

SALES—EARNINGS—DIVIDENDS

New retail sales records were made in 1945 by both stores and routes for the second consecutive year. Total sales increased 10.6% over 1944.

The removal from rationing of all food items except sugar following the end of the Japanese war, and an improvement in the supply of merchandise available, helped sales results for the year. Maintained consumer purchasing power and "willingness to buy" also contributed materially. Company sales during the year were limited only by rationing, shortages of manpower, and the amount of merchandise we could obtain for our customers.

Contracts for assembly of field rations for the U. S. Quartermaster Corps were cut back on July 16, 1945, and cancelled



by telegram received at approximately 10 A. M. on August 13, 1945. By 4:30 P. M. the same day production lines had been cleared, machines cleaned, and all merchandise arranged so that an inventory could be taken without delay. The only work for the government remaining thereafter was the packing of a small quantity of tea. This tea contract, as adjusted, was completed in October. The end of this work for the government reduced manufacturing income below that for 1944.

Total earnings for the year—after provision for taxes, depreciation, profit-sharing and reserves but without specific provision for renegotiation—increased over the year before and were the highest since 1941. Earnings before all taxes were the highest in the history of the business.

The figures of chief interest for the last two years are shown below:

| | 1945 | 1944 |
|---------------------------------|--------------|--------------|
| Retail sales | \$63,364,000 | \$56,899,845 |
| Earnings before all taxes | 5,184,675 | 4,178,361 |
| Earnings after all taxes | 1,505,747 | 1,392,581 |
| Earnings per share | | |
| Preferred stock | 32.04 | 29.01 |
| Common stock | 2.33 | 2.12 |
| Dividends paid per share | | |
| Preferred stock | 4.25 | 4.25 |
| Common stock | 1.50 | 1.40 |
| Operating units | | |
| Routes | 1,608 | 1,581 |
| Stores | 150 | 152 |

The two stores closed during the year due to lease expirations in unsatisfactory locations could not be replaced because of equipment shortages and other restrictions arising out of the war. During the year it was possible to reopen 27 out of 98 routes which had been closed during the war years due to manpower and equipment shortages.

FEDERAL TAXES—RENEGOTIATION

Statements of earnings are subject to uncertainties because it is difficult to interpret Federal tax laws and regulations and to foresee how they will be finally applied. It is believed,

however, that on the basis of present information adequate tax reserves have been provided. The reserve for excess profits tax this year is \$1,050,517 compared to \$271,183 for 1944.

Claims for relief from excess profits tax in accordance with Section 722 of the Internal Revenue Code will be filed for 1944 and 1945. Claims under this section have been filed for prior years.

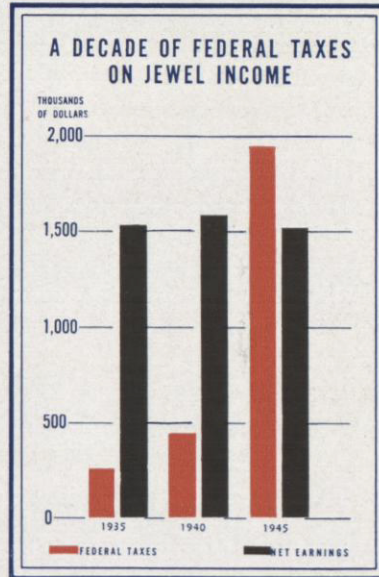
At the end of last year profits from work done during 1943 and 1944 under contracts with the U. S. Quartermaster Corps were subject to renegotiation. It is pleasing to be able to report that the War Contracts Price Adjustment Board determined that the company had no excess profits on war contracts in either of these years and has issued formal clearance. Earnings from contracts for 1945 are also subject to renegotiation, but on the basis of experience in prior years it appears unlikely that any adjustment in these earnings will be required.

Claims have been filed in connection with terminated contracts but settlement has not yet been made.

EXPENSES—PRICE CONTROL

Operating expenses increased in total dollars. They were slightly lower in percentage to sales. The principal increases occurred in payrolls but practically every expense item was higher.

It has been more costly than normal to keep our trucks in operation but the extra cost of repairs has been more than offset by the reduction in depreciation charges. Our fleet



of trucks held up well during the war years but some replacements must be made as soon as new equipment becomes available. Ninety-eight percent of our trucks were fully depreciated to salvage value at the end of 1945.

Price control continues to restrict gross profit. In 1945, however, a shift in the distribution of sales by merchandise groups raised the gross margin percentage. The Office of Price Administration did not call upon food retailers to absorb cost increases of any great consequence during the year, but on the other hand did not allow any important increases in selling prices.

It has been possible to operate profitably under price control and with restricted margins in the past few years only because of phenomenal increases in total sales dollars. The resulting increases in total dollars of gross margin thereby made available helped meet higher costs and expenses.

WAR VETERANS—PEOPLE

At the end of the year, 606 World War II veterans were working for the company. Of these, 222, or about 60% of our people who have so far returned to civilian life, formerly worked for Jewel. Veterans returning to Jewel are going on jobs that are better paid than those they left. In a number of cases they have been assigned to positions more responsible than those they held at the time of their induction into the armed forces. In addition to our own returning employees, 384 veterans have been added to our working force.

In our experience, veterans are enthusiastic about their jobs and almost without exception are making a fine contribution to the business. It is not expected that the reinstatement and employment of veterans will jeopardize the jobs and security of those now in our organization who by ability and loyal service merit regular positions.

At the end of the year 708 Jewel employees were still in the armed forces. Twenty-seven of our young men gave their lives in the fight for world freedom. Our heartfelt sympathy goes out to their families.

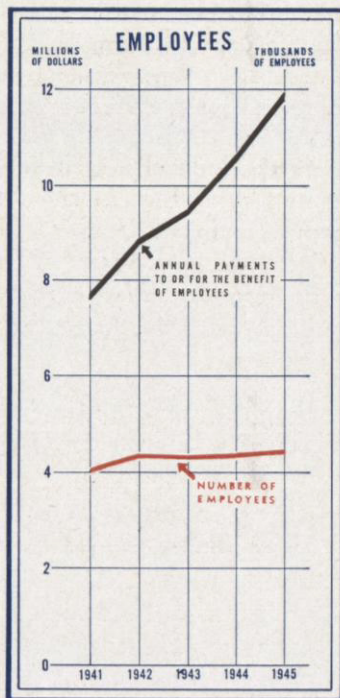
Women continued to play an important part in the operation of the business during 1945, but the number on the payrolls is decreasing. Jewel owes a great debt of gratitude to the many women who so faithfully served during the war years. It is expected that many will be continued in their jobs because of the outstanding work they are doing.

There has been considerable activity during the year, particularly in our Stores Department, in the field of labor relations and collective bargaining. On the whole, however, there has been a minimum of disturbance in our service to the public.

Twice during the year store operations were interrupted by a strike of the driver members of the Chicago Truck Drivers, Chauffeurs and Helpers Union of Chicago and Vicinity, Independent Local 705, who work for our contract carrier.

Late in 1945 local unions of the American Federation of Labor representing food store managers and grocery clerks in the Chicago area claimed enough members in our stores to represent these groups for collective bargaining. The National Labor Relations Board held an election on January 7, 1946, giving these employees the right to choose whether they wished to be represented by the American Federation of Labor Unions, or by the Jewel Food Stores Employees' Union, an independent, or to represent themselves individually. A majority of both store managers and grocery clerks voted by secret ballot to continue to be represented by the Jewel Food Stores Employees' Union which has served them for eight years. These elections were protested by the American Federation of Labor Locals.

Also, late in December of 1945 the Chicago Truck Drivers, Chauffeurs and Helpers Union of Chicago and Vicinity, In-



dependent Local 705, claimed enough members in our Chicago Stores warehouses to represent these groups for collective bargaining. An agreed election, not under the auspices of the National Labor Relations Board, was held on January 11, 1946. A majority of our warehouse people voted by secret ballot to be represented by this independent local union in collective bargaining negotiations.

The number of employees at the end of 1945 was 4,408 compared with 4,354 the year before.

RESERVES

In the first twenty-eight weeks of 1945, \$100,000 was set aside for contingencies and inventory valuation. This amount has been returned to earnings for the year because a total reserve of \$650,000 for these purposes is believed to be adequate.

There was no change in the reserve for automobile accident and other self-insured losses. These losses were charged to current operating expense. In keeping with general experience, the trend of our accidents and their cost was up during 1945.

WORKING CAPITAL

The company's working capital position is pictured below:

| <i>Year</i> | <i>Net Working Capital</i> | <i>Ratio of Current Assets to Current Liabilities</i> | <i>Cash and Marketable Securities</i> | <i>Reserve for Depreciation</i> |
|--------------|--------------------------------|---|---|-------------------------------------|
| 1941 | \$8,482,145 | 4.29 to 1 | \$6,663,183 | \$2,007,118 |
| 1944 | 9,950,699 | 3.85 to 1 | 6,510,291 | 3,404,732 |
| 1945 | 10,477,657 | 3.15 to 1 | 7,681,883 | 3,614,918 |

The content of marketable securities is shown on page 13 of this report. Securities maturing within three years from 1945 are equal to 77% of the total. Those maturing within five years equal 89% of the total.

Considerable working capital will be used in 1946 for replacement of fully depreciated and outmoded capital assets.

Inventories at the year end included a stock of green coffee sufficient to last approximately 14 weeks. Coffee growing countries have been reluctant to sell coffee to the United

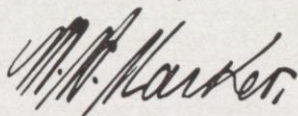
States at the ceiling prices set by our government and as a consequence our inventory at the year end was lower than normal. This situation has been temporarily corrected by the government's coffee subsidy plan.

OUTLOOK

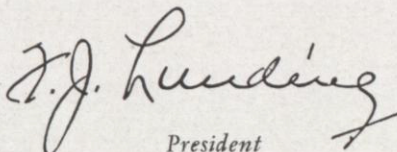
It is our belief that the return of veterans, greater availability of people, gradual increase in supplies, and optimistic forecasts of national income for 1946, all suggest an active year filled with opportunities. In our business, energy will be concentrated on regaining normal operating efficiency and on improving our two systems of distribution. Ideas intended to give still better service and values to customers already are being tested.

The men and women of Jewel did their best in 1945 to make shopping with Jewel a pleasant experience. Customers have been patient in the face of many trying circumstances brought about by war conditions. Suppliers have shown a real interest in our supply problems and have helped us meet the demands of our customers. A continuation of this interest and teamwork should make 1946 a good year for our stockholders, our people, our customers, our suppliers, and our government.

For the Board of Directors:

A stylized, handwritten signature in dark ink, appearing to read "M. A. Marker".

Chairman

A handwritten signature in dark ink, appearing to read "J. J. Lundberg".

President

THE PAST FIVE YEARS

OPERATING FACTS

| <i>Year</i> | <i>Retail Sales</i> | <i>Employees' Salaries, Wages, Profit Sharing, etc.</i> | <i>Earnings before Federal Taxes on Income</i> | <i>Federal Taxes on Income</i> | <i>Net Earnings</i> |
|-------------|---------------------|---|--|--------------------------------|---------------------|
| 1941 | \$41,541,405 | \$ 7,585,286 | \$2,633,669 | \$1,114,798 | \$1,518,871 |
| 1942 | 53,077,779 | 8,773,444 | 2,456,656 | 1,108,008 | 1,348,648 |
| 1943 | 52,212,105 | 9,371,233 | 1,461,219 | 305,386* | 1,155,833 |
| 1944 | 56,899,845 | 10,544,661 | 2,542,258 | 1,149,677 | 1,392,581 |
| 1945 | 63,364,000 | 11,846,044 | 3,437,110 | 1,931,363 | 1,505,747 |

*Reduced by carry-back of unused excess profits tax credit (note 7, page 15)

ASSETS AND LIABILITIES—HIGHLIGHTS

A Five Year Comparison

| | <i>December 29, 1945</i> | <i>December 28, 1940</i> |
|---|------------------------------|------------------------------|
| Total current assets | \$15,356,385 | \$ 6,510,385 |
| Total current liabilities | 4,878,728 | 2,160,586 |
| Net working capital | <u>\$10,477,657</u> | <u>\$ 4,349,799</u> |
| Ratio current assets to current liabilities.... | 3.15 to 1 | 3.01 to 1 |
| Cash and marketable securities..... | \$ 7,681,883 | \$ 3,414,113 |
| Inventories | 6,978,686 | 2,847,919 |
| Federal income and other taxes payable..... | 2,304,876 | 722,711 |
| Land, buildings, machinery, furniture, fixtures, automobiles, and other equipment.... | 6,785,304 | 4,692,607 |
| Less reserve for depreciation..... | 3,614,918 | 1,817,108 |
| | <u>\$ 3,170,386</u> | <u>\$ 2,875,499</u> |
| Net worth—Preferred stock | \$ 5,000,000 | \$ — |
| —Common stock | 5,770,073 | 4,935,462 |
| —Earned surplus† | 3,333,233 | 2,889,204 |
| Total net worth | <u>\$14,103,306</u> | <u>\$ 7,824,666</u> |

†Earned surplus has been reduced by the cost of stock in treasury (note 4, page 13)

COMPARATIVE INCOME ACCOUNT

| | <i>For the Fifty-two Weeks Ended</i> | |
|--|--------------------------------------|------------------------------|
| | <i>December 29, 1945</i> | <i>December 30, 1944</i> |
| Sales and Revenues: | | |
| Retail sales | \$63,364,000 | \$56,899,845 |
| Wholesale and other sales | 1,181,997 | 1,428,540 |
| Interest and miscellaneous income (net) | 77,013 | 78,406 |
| Total sales and revenues | <u>\$64,623,010</u> | <u>\$58,406,791</u> |
| Costs of Doing Business: | | |
| Paid to or for the benefit of employees: | | |
| Wages, salaries and bonuses | \$11,393,361 | \$10,151,695 |
| Social security taxes | 297,927 | 277,139 |
| Contribution to Jewel Retirement Estates | 154,756 | 115,827 |
| Total | <u>\$11,846,044</u> | <u>\$10,544,661</u> |
| Products purchased plus services and rents | 47,005,820 | 43,049,845 |
| Depreciation—to cover wearing out of buildings, machinery, furniture, fixtures, automobiles, and other equipment | 234,944 | 424,181 |
| Maintenance and repairs | 402,567 | 297,333 |
| Doubtful accounts charged to operations | 246,887 | 189,549 |
| Estimated federal taxes on income (note 1, page 13) | 1,931,363 | 1,149,677 |
| State, local, and all other federal taxes | 1,449,638 | 1,358,964 |
| Total charges for doing business | <u>\$63,117,263</u> | <u>\$57,014,210</u> |
| Earnings | <u>\$ 1,505,747</u> | <u>\$ 1,392,581</u> |
| Dividends to Owners of the Business: | | |
| Preferred shareholders | \$ 201,480 | \$ 205,102 |
| Common shareholders | 837,081 | 780,690 |
| Total dividends | <u>\$ 1,038,561</u> | <u>\$ 985,792</u> |
| Retained for Future Needs | <u>\$ 467,186</u> | <u>\$ 406,789</u> |

Parts of this statement are explained
in greater detail on pages 13, 14,
15 and 16.

COMPARATIVE

ASSETS

| | December 29, 1945 | December 30, 1944 |
|---|----------------------|----------------------|
| Current Assets: | | |
| Cash in banks and on hand | \$ 2,899,861 | \$ 2,498,612 |
| Marketable securities at cost or market, whichever is lower, and interest (note 2, page 13) .. | 4,782,022 | 4,011,679 |
| Accounts receivable, less reserve (note 3, page 13) .. | 695,816 | 515,681 |
| Inventories at cost or market, whichever is lower (note 5, page 14) | 6,978,686 | 6,414,899 |
| | <u>\$15,356,385</u> | <u>\$13,440,871</u> |
| Other Assets: | | |
| Loans to employees | \$ 7,528 | \$ 6,140 |
| Deposits and contracts (net), less reserve (note 3, page 13) | 25,446 | 19,359 |
| Claims for refund of excess profits taxes (note 7, page 15) | 281,600 | 328,266 |
| | <u>\$ 314,574</u> | <u>\$ 353,765</u> |
| Deferred Charges: | | |
| Premiums (at cost) advanced to customers, less reserve (note 3, page 13) | \$ 695,598 | \$ 743,004 |
| Unexpired insurance, expense supplies, etc. | 345,090 | 346,435 |
| | <u>\$ 1,040,688</u> | <u>\$ 1,089,439</u> |
| Capital Assets: | | |
| Land, buildings, machinery, furniture, fixtures, automobiles, and other equipment (note 6, page 14) | \$ 6,785,304 | \$ 6,640,006 |
| Less reserve for depreciation (note 6, page 14) .. | 3,614,918 | 3,404,732 |
| | <u>\$ 3,170,386</u> | <u>\$ 3,235,274</u> |
| Good Will | \$ 1 | \$ 1 |
| | <u>\$19,882,034</u> | <u>\$18,119,350</u> |

Parts of this statement are explained in greater detail on pages 13, 14, 15 and 16.

BALANCE SHEET

LIABILITIES

| | December 29, 1945 | December 30, 1944 |
|---|----------------------|----------------------|
| Current Liabilities: | | |
| Accounts payable | \$ 2,083,779 | \$ 1,388,114 |
| Preferred dividends payable | 49,937 | 51,000 |
| Federal, state and other taxes accrued | 2,304,876 | 1,657,623 |
| Other accrued items | 440,136 | 393,435 |
| | <u>\$ 4,878,728</u> | <u>\$ 3,490,172</u> |
| Reserves: | | |
| Contingencies and inventory valuation | \$ 650,000 | \$ 650,000 |
| Automobile accident and other self-insured losses | 250,000 | 250,000 |
| | <u>\$ 900,000</u> | <u>\$ 900,000</u> |
| Capital Stock and Surplus: | | |
| Preferred stock, 4¼% cumulative, \$100.00 par value, authorized and issued, 50,000 shares (note 8, page 15) | \$ 5,000,000 | \$ 5,000,000 |
| Common stock, no par value, authorized 600,000 shares, issued 560,000 shares | 5,770,073 | 5,770,073 |
| Earned surplus (note 9, page 15) | 3,701,801 | 3,226,590 |
| | <u>\$14,471,874</u> | <u>\$13,996,663</u> |
| Less stock in treasury at cost (note 4, page 13) .. | 368,568 | 267,485 |
| | <u>\$14,103,306</u> | <u>\$13,729,178</u> |
| Contingent Liability (note 10, page 16) <u>\$204,123</u> | | |
| | <u>\$19,882,034</u> | <u>\$18,119,350</u> |

EARNED SURPLUS ACCOUNT

For the Fifty-two Weeks Ended December 29, 1945

| | |
|---|-------------|
| Earned Surplus, December 30, 1944 | \$3,226,590 |
|---|-------------|

Add:

| | |
|---|---------|
| Earnings after dividends from income account..... | 467,186 |
|---|---------|

| | |
|---|-------|
| Adjustments arising from sale and distribution of com- mon stock to employees..... | 8,025 |
|---|-------|

| | |
|---|--------------------|
| Earned Surplus, December 29, 1945 (note 9, page 15) | <u>\$3,701,801</u> |
|---|--------------------|

* * *

AUDITOR'S REPORT**To the Board of Directors, Jewel Tea Co., Inc.:**

We have examined the balance sheet of Jewel Tea Co., Inc. (a New York corporation) as of December 29, 1945, and the statements of income and surplus for the fifty-two weeks then ended, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Jewel Tea Co., Inc. at December 29, 1945, and the results of its operations for the fifty-two weeks, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois
February 1, 1946

Touche, River & Co.

Certified Public Accountants.

Information About the Balance Sheet and Income and Surplus Accounts

1. Estimated Federal Taxes on Income

| | <i>For the Fifty-two Weeks Ended</i> | |
|-----------------------------|--------------------------------------|------------------------------|
| | <i>December 29, 1945</i> | <i>December 30, 1944</i> |
| Normal tax and surtax | \$ 880,846 | \$ 878,494 |
| Excess profits tax | 1,050,517 | 271,183 |
| Total | <u>\$ 1,931,363</u> | <u>\$ 1,149,677</u> |

2. Marketable Securities

| | <i>December 29, 1945</i> | <i>December 30, 1944</i> |
|--|------------------------------|------------------------------|
| U. S. Government obligations | \$ 4,618,178 | \$ 3,656,788 |
| State and municipal obligations | 134,526 | 254,452 |
| Industrial and other marketable bonds .. | 29,318 | 100,439 |
| Total (at cost or market, whichever is lower, and interest) | <u>\$ 4,782,022</u> | <u>\$ 4,011,679</u> |
| At market quotation, and interest | <u>\$ 4,809,195</u> | <u>\$ 4,018,586</u> |

3. Reserves for Doubtful Accounts

| | <i>December 29, 1945</i> | <i>December 30, 1944</i> |
|---|------------------------------|------------------------------|
| Accounts receivable | \$ 37,615 | \$ 26,692 |
| Deposits and contracts | 10,000 | 10,000 |
| Premiums (at cost) advanced to cus- tomers | <u>57,035</u> | <u>44,859</u> |

4. Capital Stock in Treasury, December 29, 1945

Consists of 1,740 shares of common stock acquired for sale and distribution to employees and 3,000 shares of preferred stock (note 8, page 15).

Information

5. Inventories at Cost or Market, Whichever is Lower

| | <i>December 29, 1945</i> | <i>December 30, 1944</i> |
|----------------------------|------------------------------|------------------------------|
| Raw materials | \$ 1,516,827 | \$ 2,040,025 |
| Finished merchandise | 5,461,859 | 4,374,874 |
| Total | <u>\$ 6,978,686</u> | <u>\$ 6,414,899</u> |

6. Capital Assets

| | <i>December 29, 1945</i> | <i>December 30, 1944</i> |
|---|------------------------------|------------------------------|
| Land | \$ 579,144 | \$ 539,160 |
| Buildings | 2,514,915 | 2,504,189 |
| Machinery, furniture and fixtures, at plants | 834,797 | 783,516 |
| Automobiles and other branch and store equipment | 2,856,448 | 2,813,141 |
| Total | <u>\$ 6,785,304</u> | <u>\$ 6,640,006</u> |

Reserve for depreciation:

| | | |
|---|---------------------|---------------------|
| Buildings | \$ 874,960 | \$ 793,227 |
| Machinery, furniture and fixtures, at plants | 532,395 | 492,877 |
| Automobiles and other branch and store equipment | 2,207,563 | 2,118,628 |
| Total reserve for depreciation | <u>\$ 3,614,918</u> | <u>\$ 3,404,732</u> |

As a result of appraisal of capital assets as of December 31, 1932, book values were reduced to basis of current values. The reduction in book values of such assets still on hand at December 29, 1945, amounted to \$211,373. Additions since December 31, 1932 are at cost.

Information

7. Claims for Refund of Excess Profits Taxes

The Internal Revenue Code provides in section 710 that unused excess profits tax credit in any year may be carried back to the prior two years in order to recover excess profits taxes paid for those years. There was sufficient unused excess profits tax credit for 1943 to establish claims for refund of excess profits taxes estimated to be \$281,600. This is made up of \$230,320, representing refund of all excess profits tax for 1941, and of \$51,280, which is 37.5% of excess profits tax for 1942. These figures are stated after providing for appropriate increase in the normal tax and surtax for those two years due to reduction of excess profits taxes.

Claims for relief from excess profits taxes by adjustment of base period earnings have been filed for the years 1940, 1941 and 1942, and will be filed for the years 1944 and 1945 in accordance with section 722 of the Internal Revenue Code. Possible recoveries from these claims are not reflected in the income account or balance sheet.

8. Preferred Stock

Redeemable, 1,000 shares per annum beginning in 1943 at maximum price of \$110.00 per share; entitled to regular redemption prices at voluntary liquidation and \$100.00 per share at involuntary liquidation, all plus accrued dividends.

There were 3,000 shares of preferred stock in the treasury on December 29, 1945, which have been acquired for retirement and cancellation. In order to save time and expense, it is planned to retire these preferred shares formally only once every five years. The preferred stock provisions of the certificate of incorporation specify that preferred shares acquired for retirement may not be reissued.

9. Earned Surplus, December 29, 1945

Includes \$29,248 arising from sale and distribution of common stock to employees from January 4, 1942, to December 29, 1945. According to the preferred stock provisions of the certificate of incorporation \$2,265,990 is available for cash dividends on common stock.

Information

10. Contingent Liability, December 29, 1945

Jewel Employees' Surety Deposits

Certain employees of the company make cash deposits as security for their handling of company property. These surety deposits are kept in a separate employees' trust fund, of which the company is trustee. Principal and interest on the surety deposits, at the rate of 2% per annum, are guaranteed by the company. The assets of the employees' trust fund on December 29, 1945 consisted of investments (valued at cost or market, whichever is lower) and cash totaling \$204,123, which covered in full the liability for employees' surety deposits. Neither the assets nor liabilities of the employees' trust fund are included in the company's balance sheet.

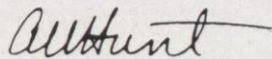
11. Renegotiation

Under war profits control legislation, contracts with the U. S. Quartermaster Corps for the year 1945 are subject to renegotiation for redetermination of profit. The War Contracts Price Adjustment Board determined in 1945 that the company had no excessive profits on war contracts for the years 1943 and 1944. It appears unlikely therefore that earnings from war contracts in 1945 will be considered excessive and so no adjustments have been made on this account.

* * *

CONTROLLER'S REPORT

The balance sheet and income account and earned surplus account of Jewel Tea Co., Inc. (a New York corporation), are in accordance with and correctly prepared from the books of the company, and, in my opinion, fairly state the financial position of the company on December 29, 1945, and the results of its operations for the year then ended.


Controller

Barrington, Illinois
February 1, 1946

DIRECTORS

| | | |
|-----------------|--------------------|---------------------|
| HENRY S. BOWERS | A. VERNON JANNOTTA | E. H. McDERMOTT |
| JOHN M. HANCOCK | M. H. KARKER | C. B. THOMPSON |
| A. U. HUNT | F. J. LUNDING | ROBERT R. UPDEGRAFF |

OFFICERS

| | |
|-------------------|---|
| M. H. KARKER | Chairman of the Board of Directors |
| JOHN M. HANCOCK | Chairman of the Executive Committee |
| F. J. LUNDING | President |
| G. L. CLEMENTS | Vice President & General Manager—Stores |
| W. A. GERBOSI | Vice President & General Manager—Routes |
| H. W. DOTTS | Vice President & Sales Manager—Routes |
| C. A. LARSON | Vice President & Merchandising Manager—Routes |
| M. S. MORSE | Vice President & Operations Manager—Stores |
| J. M. O'CONNOR | Vice President—Imports |
| J. M. FRIEDLANDER | Treasurer |
| A. U. HUNT | Controller |
| E. E. HARGRAVE | Secretary |
| R. D. STURTEVANT | Assistant Secretary |

TRANSFER AGENT

MANUFACTURERS TRUST COMPANY
55 Broad Street, New York City

REGISTRAR

THE COMMERCIAL NATIONAL BANK AND
TRUST COMPANY OF NEW YORK
46 Wall Street, New York City

AUDITORS

TOUCHE, NIVEN & Co.
Certified Public Accountants
New York and Chicago

A JEWEL WARTIME ACTIVITY

Our three years of packing field rations for the U. S. Quartermaster Corps came to an end on August 13, 1945. Jewel people packed over 160,000,000 meals for our fighting men during that time. These meals contained a balanced diet of canned and packaged food and beverage items designed for use in combat areas. Ration cartons also included cigarettes, matches, paper towels, soap and other necessities. Each 10-in-1 carton contained enough food for ten men for one day and was made up of approximately 120 individual items. Normal daily production required handling almost one million different pieces weighing 352,000 pounds. The pictures on the opposite page show some of the activities necessary to pack the 10-in-1 ration.

Army Service Forces Chicago Quartermaster Depot Awards this Certificate of Meritorious Service

TO
JEWEL TEA COMPANY
For Outstanding Performance
in producing and supplying foods and equip-
ment to the Armed Forces of the United States.
Your Company has materially assisted the Quar-
termaster Corps in making our Armed Forces
"The Best Fed and Best Dressed in the World"

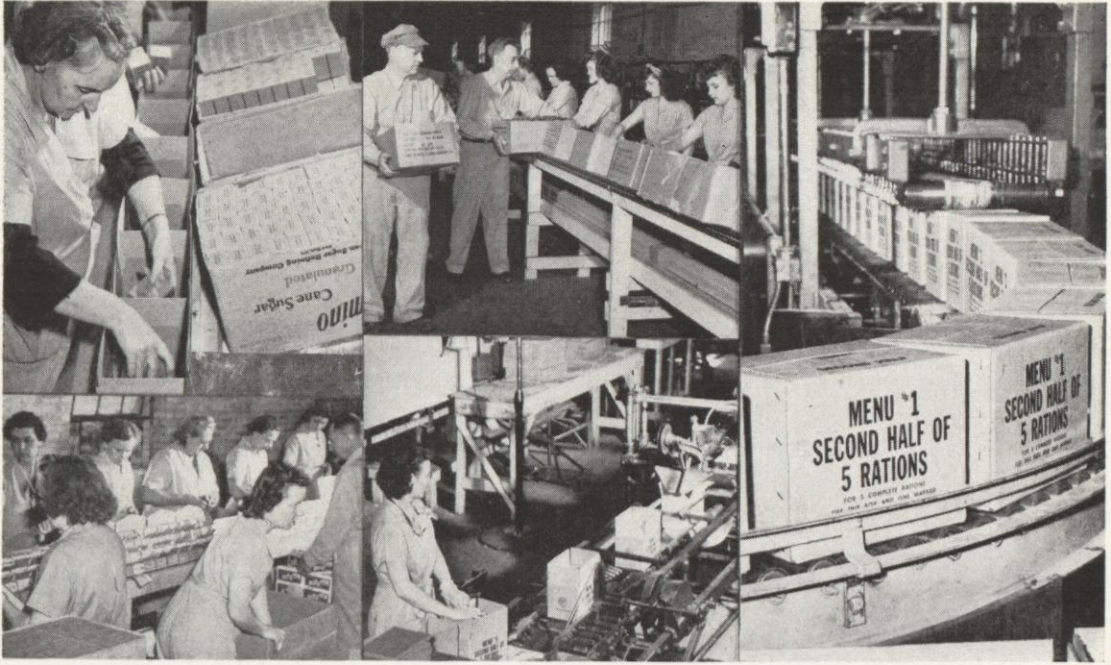
Awarded at
Chicago, Illinois

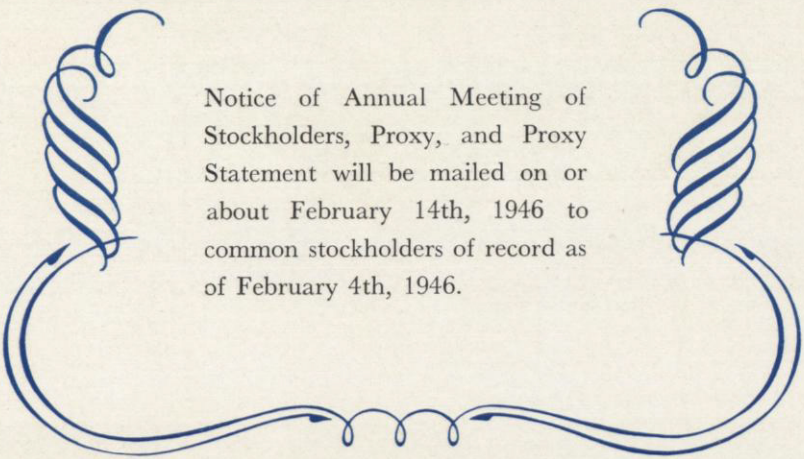
J. J. [Signature]
J. J. [Signature]
Brigadier General, GPC
Commissioning

U. S. Infantrymen carrying 10-in-1 rations to the front lines on Luzon, Philip-
pine Islands

U. S. Army Signal Corps Photograph







Notice of Annual Meeting of
Stockholders, Proxy, and Proxy
Statement will be mailed on or
about February 14th, 1946 to
common stockholders of record as
of February 4th, 1946.

Some of the products distributed
by Jewel route salesmen direct
to the homes of customers in 43
states . . . →



A national organization engaged in the manufacturing, packaging, distributing, and retail selling of food products and household necessities through a system of 150 retail stores and 1608 wagon routes.